



Associated Financial Group  
Employee Benefits. Insurance. HR Solutions.

## SERVICE FEE AGREEMENT

This Agreement is entered into on the 1<sup>st</sup> day of January, 2017, by and between the City of Manitowoc, a Wisconsin municipal corporation located at 900 Quay Street, Manitowoc WI 54220 (hereinafter "City"), and Associated Financial Group, a Wisconsin limited liability corporation located at 711 Eisenhower Drive, Kimberly, Wisconsin 54136 (hereinafter "AFG").

- A. AFG is primarily engaged in the insurance brokerage business.
- B. AFG routinely helps its clients assess their insurance risks and needs, designs plans of insurance, and obtains cost quotes based on these plans, and places insurance with insurance carriers.
- C. AFG is typically compensated for its efforts through the commissions it receives in brokering the sale of insurance to its clients.
- D. AFG has been discussing insurance risks and needs with the City and wishes to enter into a business relationship with the City as the City's benefits broker. City has designated AFG to be its official Agent of Record, and has completed (or will complete) any forms necessary to do so, subject to the City's ability to approve the language in said forms.

**NOW, THEREFORE**, in consideration of the above recitals and the mutual promises and conditions contained in this Agreement, the Parties agree as follows:

- 1. **City's Performance:** City will provide AFG with, and give AFG full access to whatever information AFG determines is necessary to enable AFG to perform fully and effectively under this Agreement.
- 2. **AFG's Performance:** AFG will evaluate City's insurance risk areas, compare and recommend insurance coverage options, design a plan of insurance (based upon discussions between the parties), obtain quotes for said plan, and procure or attempt to procure insurance suitable to City's needs. AFG has provided City with a Service Plan detailing the service commitments it will make to City in connection with this Agreement, which is attached to this Agreement as Exhibit A.
- 3. **Acknowledgement:** City acknowledges that AFG's promises, as set forth above, represent a significant investment of time, effort, and expense on the part of AFG, and are services for which AFG is normally compensated through the commissions it receives as a result of entering into a business/insurance agency relationship with its clients.
- 4. **Compensation:** City acknowledges that AFG shall be entitled to compensation for the efforts it makes pursuant to this agreement, according to the following terms:

**Fees.** For the services described herein, City shall pay AFG fees of \$42,000 annually, to be invoiced monthly for services needed.

**Contingency Compensation.** Some carriers, vendors, or third parties may pay contingency compensation for business that AFG may place with them. Such contingency compensation does not alter or increase the cost of the services that AFG is brokering or performing on behalf of City, and thus does not increase the costs that City pays for the provision of such services. Therefore, in addition to any fees described above, AFG shall be entitled to any contingency compensation resulting from its work on behalf of City irrespective of any other provisions elected under this Agreement. AFG must disclose all contingency compensation that may be received to the City of Manitowoc when making benefits recommendations.

**Commissions.** City does not want AFG to receive commissions for some of the services AFG may provide or broker under this Agreement, regardless of whether such commissions increase the cost of the services provided or brokered.

If for some only, please indicate the specific limitations for accepting commissions below:

Any voluntary benefits for which the City does not provide any contributions.

**Payment.** City shall pay any fee assessed by AFG in connection with AFG's performance under this Agreement prior to AFG performing any work for the invoiced period. City shall pay any fees invoiced by AFG no later than 30 days after receiving an invoice from AFG. City will make payment of fees after receiving an invoice from AFG.

5. **Agreement Term and Termination:** This Agreement shall terminate on December 31, 2017. Either Party may seek to terminate this Agreement in the event of a material breach of this Agreement. However, before doing so, the Party seeking to terminate the Agreement must provide the other Party with at least thirty 30 days' notice in writing of the material breach. Upon receipt of such written notice of material breach, the responding Party shall have 30 days to cure the material breach.
6. **Confidentiality:** All information and advice exchanged between the Parties (including their agents and employees) shall be treated as confidential, and shall not be disclosed to third parties except: 1) as agreed upon in writing, 2) where necessary to accomplish the purposes of this Agreement, or 3) as required by law. In addition, each party agrees promptly to advise the other party in writing of any unauthorized misappropriation, disclosure or use by any person of Confidential Information which may come to its attention, and to take all reasonable steps to limit, stop or otherwise remedy such misappropriation, disclosure or use. The confidentiality provisions contained herein shall continue and stay in effect even after the expiration of this Agreement. AFG understands that the City is subject to Wisconsin's Open Records laws and agrees to fully cooperate with the City in producing documents to fill any open records requests.
7. **Final Agreement:** This Agreement is an independent document that contains all of the covenants and agreements between the parties with respect to the matters covered herein, and supersedes any and all other Agreements, whether oral or in writing, between the parties.
8. **Disclaimer.** While knowledge of the legal, tax, and financial issues related to the products, services, and advice offered by Associated Financial Group is an important part of our expertise, the products, services, and advice themselves do not constitute, and should not be construed as providing, legal, tax, or financial advice. City agrees that it will use the products, services, or advice offered under this Agreement at its own risk, and takes full responsibility for any use it may make of the products, services, or advice offered under this Agreement. City acknowledges that, in providing products, services, or advice under this

Agreement, AFG is not acting in the capacity of a fiduciary, and City hereby waives any rights it may have to pursue any type of fiduciary claim against AFG.

City is seeking AFG's expertise and recommendations with respect to the products, services, and advice offered by AFG under this Agreement. However, AFG cannot control the manner in which City may interpret or utilize the products, services, and advice offered by AFG under this Agreement. Therefore, City hereby agrees that any claims it may have against AFG as a result of products, services, or advice provided under this Agreement will be limited to the amounts actually paid by City to AFG pursuant to this Agreement except where AFG's performance results in willful misconduct or gross negligence

- 9. **Indemnification and Insurance:** AFG agrees that it shall provide to the City at its own cost and expense, insurance as specified below with a company or companies authorized to do business in the State of Wisconsin. All coverage required shall apply its employees and agents named as additional insured as their interests may appear. A Certificate of Insurance for all required insurance shall be filed with the City prior to AFG and the City executing this Agreement. City shall provide proof of comprehensive general liability insurance including contractual liability, personal injury liability, products and completed operations with minimum limits of \$1,000,000 per occurrence. This insurance shall be required for the full term of the agreement and any renewal periods. AFG shall also carry statutory workers' compensation coverage.
- 10. AFG and City shall each indemnify, defend and hold harmless the other party, and the other party's officers, directors, employees, members and agents, and each of them, from any and all claims, actions, causes of action, demands or liabilities of whatsoever kind or nature, including judgments, interest, attorneys' fees, and all other costs, fees, expenses and charges in any way resulting from or arising out of its breach of this agreement, gross negligence, willful misconduct and those of its officers, agents, employees, or any one of them, in connection with or in any way related to this agreement. AFG is not liable for acts by other contractors unless such acts occurred in whole or in part from the negligence of AFG.
- 11. **Modifications:** Any modification of this Agreement shall be effective only if it is in writing, signed and dated by all parties hereto.
- 12. **Jurisdiction:** This Agreement is to be construed pursuant to Laws of the State of Wisconsin. Jurisdiction and venue for any claim arising out of this Agreement shall be made in Manitowoc County Circuit Court.

By signing this Agreement, the Parties agree to the terms as set forth above.

**City of Manitowoc**

**Associated Financial Group**

By: \_\_\_\_\_  
*Print Name/Title*

By: Jay N. Scott / Senior Vice President  
*Print Name/Title*

Signature: Justin M. Nickels, Mayor

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Jennifer Hudon, City Clerk

**For Office Use Only:**  
Sales Manager \_\_\_\_\_